(c) if so, the manner in which the share market activities are likely to be monitored?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The Securities and Exchange Board of India (SEBI) does not set up stock exchanges. In exercise of powers under Section 4 of the Securities Contracts (Regulation) Act, 1956, it only grants recognition to stock exchanges. SEBI currently does not have any proposal to set up a model stock exchange.

(b) and (c) In view of reply to part (a), do not arise.

Investors Protection Fund

1728. SHRI ANANTRAY DEVSHANKER DAVE:
SHRI BRATIN SENGUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether any claims under Investors Protection Fund (IPF) have been lodged with National Stock Exchange, by Stock Broker during the last one year;

(b) whether NSE has not settled any claims of small investors below Rupees five lacs during the above period;

(c) if so, the reasons therefor and why should NSE collect funds for IPF: and

(d) whether the Ministry would take over the IPF for the benefit of small investors, and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):(a) National Stock Exchange (NSE) has intimated that according to current guidelines in respect of Investors Protection Fund (IPF) and the rules made by NSE, only claims of investors can be paid out of IPF and claims of brokers cannot be entertained against IPF.

(b) and (c) The total number of claims received from investors during the period March, 2001 to February, 2002 are 527, out of which 21 have been settled, which are all below Rupees five lacs per

claim. NSE has intimated that a large number of claims (288) relate to two expelled members. The claimants, in many cases have been unable to provide adequate documents to support their claims. To expedite the process of assessing the claims NSE has retained the services of an independent charted accountant firm. Various claimants had filed criminal and civil suits against the expelled members and in one case the expelled member has distributed certain funds/securities to various claimants through the attorneys, as part of a compromise arrived at in the criminal case. Various claims are, therefore, required to be re-worked in consultation with the attorneys appointed by these claimants in view of these payments received/ receivable by claimants. Another 192 claims relate to other defaulters/expelled members, for which public notice period of 90 days is either over recently or still to get over. Even in these cases, the processing of claims received has commenced. NSE has intimated that it has initiated action to expedite the processing of settlement of all valid claims.

(d) There is no such proposal. According to the bye-laws and procedure in place whenever any member is either declared a defaulter or expelled from the membership of NSE, the Exchange gives a public notice intimating investors to lodge their complaints within 90 days of the publication of the notice. The claims of the investors are to be first considered against the assets lying with the Exchange. In case of insufficiency of assets the claims have to be paid prorata which can be considered only after arbitration proceedings, which may be pending, are completed.

Decline in Note Examination Sections

1729. PROF. (SHRIMATI) BHARATI RAY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the number of Note Examination Sections has declined considerably i.e. from 102 in 1991 to 52 in 1994;